



FINAL TERMS SHEET

FOR AN OFFER OF
FIXED RATE 6 YEAR BONDS
ISSUED BY VECTOR LIMITED

16 MAY 2019

Joint Lead Managers



DeutscheCRAIGS



FINAL TERMS SHEET FOR AN OFFER OF UP TO \$250 MILLION OF UNSECURED, UNSUBORDINATED, FIXED RATE 6 YEAR BONDS

This terms sheet (**Terms Sheet**) should be read together with the Product Disclosure Statement (**PDS**) dated 1 May 2019 and the additional information contained on the Offer Register for the offer of fixed rate 6 year bonds by Vector Limited. The PDS is available at www.vector.co.nz/investors/bonds and can also be obtained from the Joint Lead Managers or your usual financial adviser. Investors must obtain and read a copy of the PDS before they apply for Bonds.

Capitalised terms used but not defined in this Terms Sheet have the meaning given to them in the PDS.

Issuer	Vector Limited (Vector or the Issuer).		
Description of Bonds	Unsecured, unsubordinated fixed rate bonds (Bonds).		
Term	6 years, maturing on 27 May 2025.		
Credit ratings		Issuer Credit Rating	Credit Rating for Bonds
	S&P Global Ratings	BBB (stable)	BBB
	<p>A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that a financial product is a safe investment. A credit rating should be considered alongside all other relevant information when making any investment decision. The credit ratings for Vector and the Bonds shown above are current as at the date of this Terms Sheet. Credit ratings are subject to suspension, revision or withdrawal at any time by the assigning rating organisation.</p>		
Purpose	The proceeds of the Bonds will be used to repay a portion of Vector's existing bank debt. The Bonds will provide further diversification of funding sources for Vector.		
Issue amount	\$250 million of Bonds.		
Financial covenants	<p>Vector gives certain financial undertakings to the Supervisor, namely that:</p> <ul style="list-style-type: none"> the net debt of the Vector Group expressed as a percentage of the consolidated total capitalisation of the Vector Group (being the sum of net debt and the net worth of the Vector Group) will not exceed 72%; and at each calculation date, the ratio of EBITDA of the Vector Group to senior interest expense for the 12 month period ending on the relevant calculation date will be not less than 1.5:1. <p>See clause 11.2 of the Trust Deed for the detailed wording of those undertakings.</p> <p>A breach by Vector of either financial undertaking set out above can lead to an Event of Default (if that breach (if capable of remedy) is not remedied within 10 business days (as defined in the Trust Deed, Business Days)).</p>		
Security	The Bonds are not secured against any assets of Vector nor any other member of the Vector Group.		
Guarantee	<p>The Bonds will be guaranteed by the Guarantors under the Negative Pledge Deed. The sole Guarantor as at the Issue Date of the Bonds will be NGC Holdings Limited, a wholly owned subsidiary of Vector.</p> <p>More information on the terms of the guarantee under the Negative Pledge Deed is set out in section 5 of the PDS.</p>		

Ranking of Bonds	<p>On a liquidation of Vector, the Bonds will rank as unsecured and unsubordinated obligations of Vector and will:</p> <ul style="list-style-type: none"> • rank after liabilities secured over assets of Vector and liabilities preferred by law; • rank equally with all other unsecured and unsubordinated liabilities of Vector; and • rank ahead of any subordinated liabilities and claims of shareholders. <p>On a liquidation of a Guarantor, the obligations of the Guarantor under the Negative Pledge Deed will rank as unsecured and unsubordinated obligations of the Guarantor.</p> <p>More information on the ranking of the Bonds is set out in section 5 of the PDS.</p>
Further bonds	Vector may issue further bonds without the consent of Bondholders which may rank ahead of, equally with or behind the Bonds.
No public pool	<p>There is no public pool for the Bonds.</p> <p>All Bonds have been reserved for subscription by clients of the Joint Lead Managers, NZX Firms and other approved financial intermediaries invited to participate in a bookbuild conducted by the Joint Lead Managers.</p>
Issue price and Principal Amount	\$1.00 per Bond, being the Principal Amount of each Bond.
Interest Rate	<p>3.45% per annum.</p> <p>The Interest Rate has been set as the greater of:</p> <ul style="list-style-type: none"> • the minimum Interest Rate of 3.45% per annum (as announced via NZX on 10 May 2019); and • the sum of the Swap Rate on the Rate Set Date and the Issue Margin. <p>The Swap Rate on the Rate Set Date was 1.76% per annum and the Issue Margin was set by Vector (in conjunction with the Joint Lead Managers) at 1.65% per annum.</p> <p>Accordingly, the minimum Interest Rate of 3.45% per annum applies to the Bonds.</p>
Issue Margin	1.65% per annum.
Swap Rate	The mid-market swap rate for an interest rate swap from the Issue Date to the Maturity Date, as calculated by Vector in conjunction with the Joint Lead Managers on the Rate Set Date in accordance with market convention, by reference to Bloomberg page ICNZ4 (or any successor page) (rounded to 2 decimal places if necessary, with 0.005 rounded up).
Interest Payment Dates	Six monthly in arrear on 27 May and 27 November each year (or if that scheduled day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 27 November 2019.
Interest payments and entitlements	<p>Payments of interest on Interest Payment Dates will be of equal semi-annual amounts. Any interest on the Bonds payable on a date which is not an Interest Payment Date, will be calculated based on the number of days in the relevant period and a 365-day year.</p> <p>On Interest Payment Dates interest will be paid to the person registered as the Bondholder as at the record date immediately preceding the relevant Interest Payment Date.</p> <p>The record date for interest payments is 5.00pm on the date that is 10 days before the relevant scheduled Interest Payment Date. If the record date falls on a day which is not a Business Day, the record date will be the immediately preceding Business Day.</p>
Brokerage	<p>Vector will pay brokerage to market participants in respect of the Offer.</p> <p>You are not required to pay brokerage or any other fees or charges to Vector to purchase the Bonds. However, you may have to pay brokerage to the firm from whom you receive an allocation of Bonds.</p>
ISIN	NZVCTDT090C6

Quotation of the Bonds on the NZX Debt Market	<p>Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this Terms Sheet have been complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the Financial Markets Conduct Act 2013.</p> <p>NZX Ticker code VCT090 has been reserved for the Bonds.</p>
Minimum application amount and minimum holding of Bonds	\$5,000 and multiples of \$1,000 thereafter.
Transfer restrictions and NZX approval	Vector may decline to accept or register a transfer of the Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a Principal Amount of less than \$5,000 (if not zero) or if the transfer is not in multiples of \$1,000. NZX has provided Vector with approval under NZX Listing Rule 11.1.5 to permit these transfer restrictions.
NZX waiver	NZX has provided a waiver to Vector in respect of NZX Listing Rule 7.11.1 (which requires Vector to issue the Bonds within five NZX trading days after the Closing Date). The waiver enables Vector to structure the Offer so that the Issue Date is seven NZX trading days after the Closing Date.
Scaling	Vector may scale applications at its discretion, but will not scale any application to below \$5,000 or to an amount that is not a multiple of \$1,000.
Repo eligibility	Vector intends to apply to the Reserve Bank of New Zealand for the Bonds to be included as eligible securities for Domestic Market Operations.
Governing Law	New Zealand
Joint Lead Managers	ANZ Bank New Zealand Limited, Deutsche Craigs Limited, Forsyth Barr Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
Supervisor	The New Zealand Guardian Trust Company Limited
Securities Registrar	Computershare Investor Services Limited
Selling restrictions	<p>This is an Offer of Bonds to institutional investors and members of the public who are resident in New Zealand and certain overseas institutional investors only.</p> <p>Vector has not taken and will not take any action which would permit a public offering of Bonds, or possession or distribution of any offering material in respect of the Bonds (including this Terms Sheet), in any country or jurisdiction where action for that purpose is required (other than New Zealand).</p> <p>The Bonds may only be offered for sale or sold in a jurisdiction other than New Zealand in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. This Terms Sheet may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which this Terms Sheet is published, delivered or distributed).</p> <p>In addition, the selling restrictions contained in the Schedule to this Terms Sheet apply. By subscribing for Bonds, each Bondholder agrees to indemnify Vector, the Supervisor, the Joint Lead Managers, the Organising Participant and their respective directors, officers, employees and agents in respect of any loss, cost, liability or damages suffered as a result of that investor breaching the selling restrictions referred to in this section and set out in the Schedule to this Terms Sheet.</p> <p>The selling restrictions may be modified by Vector and the Joint Lead Managers, including following a change in a relevant law, regulation or directive.</p>

Documentation	<p>The terms of the Offer of the Bonds are set out in the PDS.</p> <p>Other terms of the Bonds are set out in:</p> <ul style="list-style-type: none"> • the Trust Deed; • the Series Supplement; and • the Negative Pledge Deed. <p>You should read each of these documents. Copies may be obtained from the Offer Register at www.companiesoffice.govt.nz/disclose, offer number OFR12633. Copies are also available at www.vector.co.nz/investors/bonds.</p>
----------------------	---

IMPORTANT DATES

Opening Date	Monday, 13 May 2019
Closing Date	12:00pm NZT, Thursday, 16 May 2019
Rate Set Date	Thursday, 16 May 2019
Issue / Allotment Date	Monday, 27 May 2019
Expected date of initial quotation and trading of the Bonds on the NZX Debt Market	Tuesday, 28 May 2019
Interest Payment Dates	27 May and 27 November in each year
First Interest Payment Date	Wednesday, 27 November 2019
Maturity Date	Tuesday, 27 May 2025

The dates set out in this Terms Sheet are indicative only and subject to change. Vector may in its absolute discretion and without notice, determine to vary the timetable for the Offer (including by accepting late applications and extending the Closing Date). Changes will be advised by way of announcement through NZX.

Vector reserves the right to cancel the Bond Offer, in which case all application monies received will be refunded (without interest) as soon as practicable and, in any event, within five NZX trading days of the cancellation.

SCHEDULE

SELLING RESTRICTIONS

The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Bonds may be offered for sale or sold in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction and the selling restrictions contained in this Terms Sheet. This Terms Sheet and the PDS may not be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction and the selling restrictions contained in this Terms Sheet.

Without limiting the generality of the above, the following selling restrictions apply in respect of each relevant jurisdiction:

EUROPEAN ECONOMIC AREA – BELGIUM, DENMARK, GERMANY, LUXEMBOURG AND THE NETHERLANDS

This Terms Sheet has been prepared on the basis that all offers of Bonds will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in Member States of the European Economic Area (each, a **Relevant Member State**), from the requirement to publish a prospectus for offers of securities.

An offer to the public of Bonds has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments unless such entity has requested to be treated as a non-professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2014/65/EC, **MiFID II**) and MiFID II Delegated Regulation (EU) 2017/565;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) unless such entity has requested to be treated as a non-professional client in accordance with MiFID II and MiFID II Delegated Regulation (EU) 2017/565;
- to any person or entity who has requested to be treated as a professional client in accordance with MiFID II; or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 30 of MiFID II unless such entity has requested to be treated as a non-professional client in accordance with MiFID II Delegated Regulation (EU) 2017/565.

UNITED KINGDOM

Neither this Terms Sheet nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Bonds.

This Terms Sheet is issued on a confidential basis to “qualified investors” (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Bonds may not be offered or sold in the United Kingdom by means of this Terms Sheet, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This Terms Sheet should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Bonds has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

In the United Kingdom, this Terms Sheet is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together **relevant persons**). The investments to which this Terms Sheet relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Terms Sheet or any of its contents.

SINGAPORE

This Terms Sheet and any other materials relating to the Bonds have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Terms Sheet and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Bonds, may not be issued, circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Terms Sheet has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Terms Sheet immediately. You may not forward or circulate this Terms Sheet to any other person in Singapore.

Any offer is not made to you with a view to the Bonds being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Bonds. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

AUSTRALIA

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (**Corporations Act**)), offering material or advertisement in relation to the Bonds (including this Terms Sheet or the PDS) has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission (**ASIC**), ASX Limited (**ASX**) (or any successor thereto) or any other regulatory authority in Australia. No person may:

- make or invite (directly or indirectly) an offer of the Bonds for issue, sale or purchase in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- distribute or publish, this Terms Sheet, the PDS, any information memorandum, prospectus or other disclosure document (as defined in the Corporations Act) or any other offering material or advertisement relating to the Bonds in Australia.

unless:

- the minimum aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation

otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;

- the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;
- such action complies with all applicable laws, regulations and directives; and
- such action does not require any document to be lodged with, or registered by, ASIC, ASX (or any successor thereto) or any other regulatory authority in Australia.

By applying for the Bonds, each person to whom the Bonds are issued will be deemed by Vector and the Joint Lead Managers to have undertaken not to on-sell the Bonds within 12 months from their issue, unless either:

- that sale is to an investor within one of the categories set out in sections 708(8) or 708(11) of the Corporations Act to whom it is lawful to offer the Bonds in Australia without a prospectus or other disclosure document lodged with ASIC; or
- the sale offer is received outside Australia;

This Terms Sheet is not, and under no circumstances is to be construed as, an advertisement or public offering of any Bonds in Australia.

HONG KONG

WARNING: This Terms Sheet has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this Terms Sheet or to permit the distribution of this Terms Sheet or any documents issued in connection with it. Accordingly, the Bonds have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Bonds has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Bonds may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Terms Sheet have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Terms Sheet, you should obtain independent professional advice.

JAPAN

The Bonds have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the **FIEL**) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Bonds may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Bonds may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Bonds is conditional upon the execution of an agreement to that effect.

SWITZERLAND

The Bonds may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or any other stock exchange or regulated trading facility in Switzerland. Neither this Terms Sheet nor any other offering material relating to the Bonds (i) constitutes a prospectus or a similar notice as such terms are understood under art. 652a, art. 752 or art. 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of art. 27 et seqq. of the SIX Listing Rules or (ii) has been or will be filed with or approved by any Swiss regulatory authority. In particular, this Terms Sheet will not be filed with, and the offer of Bonds will not be supervised by, the Swiss Financial Market Supervisory Authority (**FINMA**). Neither this Terms Sheet nor any other offering material relating to the Bonds may be publicly distributed or otherwise made publicly available in Switzerland. The Bonds will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. This Terms Sheet is personal to the recipient and not for general circulation in Switzerland.

UNITED STATES OF AMERICA

The Bonds have not been, and will not be, registered under the Securities Act of 1933, as amended (**Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Bonds will not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the completion of the distribution of all Bonds of the tranche of which such Bonds are part, as determined and certified by any Joint Lead Manager. Any Bonds sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period require a confirmation or notice to the purchaser at or prior to the confirmation of the sale to substantially the following effect:

'The Bonds covered hereby have not been registered under the US Securities Act of 1933, as amended (the 'Securities Act') or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, or to or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Bonds and the closing date except in either case pursuant to a valid exemption from registration in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S.'

Until 40 days after the completion of the distribution of all Bonds of the tranche of which those Bonds are a part, an offer or sale of the Bonds within the United States by any Joint Lead Manager, or any dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Regulation S.

INDEMNITY

By its subscription for the Bonds, each Bondholder agrees to indemnify Vector, the Joint Lead Managers, the Organising Participant and the Supervisor and each of their respective directors, officers, employees and agents for any loss, cost, liability or expense sustained or incurred by Vector, the Joint Lead Managers or the Supervisor, as the case may be, as a result of the breach by that Bondholder of the selling restrictions set out above.